

**The BC Bud Corporation**

**Condensed Consolidated Interim Financial Statements  
(Unaudited)**

**For the three months ended May 31, 2024 and 2023  
(Expressed in Canadian Dollars)**

**1500 – 409 Granville Street Vancouver, BC  
V6C 1T2**

**The BC Bud Corporation**

Condensed Consolidated Interim Financial Statements – May 31, 2024

(Unaudited – expressed in Canadian Dollars)

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**Notice to Reader: No Auditor Review of Condensed Consolidated Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**The BC Bud Corporation**

## Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Notes		May 31, 2024		Feb 29, 2024
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	\$	111,911	\$	4,202
Accounts receivable			6,306		-
Prepaid expenses			72,845		12,015
Other receivable			102,109		94,581
Inventory	4		412,270		487,253
			<u>705,441</u>		<u>598,051</u>
Machinery and equipment	5		28,578		32,008
Intangible assets	6		2,007		2,007
		\$	<u>736,026</u>	\$	<u>632,066</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	7, 12	\$	51,891	\$	396,650
Loan payable	7		233,878		229,355
			<u>285,769</u>		<u>626,005</u>
<b>Shareholders' equity</b>					
Share capital	8		5,127,227		4,965,825
Reserves	8		857,923		594,325
Deficit			(5,534,893)		(5,554,088)
			<u>450,257</u>		<u>6,061</u>
		\$	<u>736,026</u>	\$	<u>632,066</u>

**On behalf of the Board:***"Brayden Sutton"*\_\_\_\_\_  
Director*"Joshua Taylor"*\_\_\_\_\_  
Director

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**The BC Bud Corporation**

Condensed Consolidated Statements of Loss and Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

		<b>Three Months Ended</b>	
		<b>May 31</b>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		6,306	197,579
Cost of sales		(18,923)	(118,096)
Amortization and Depreciation	<b>5</b>	(3,430)	(3,430)
<b>Gross margin</b>		(16,047)	76,053
<b>Operating expenses</b>			
Accretion expense	<b>7,9</b>	4,523	2,036
Advertising and promotion		1,390	67,550
Bad Debts (recovery)	<b>12</b>	(38,824)	-
Consulting fees	<b>9</b>	51,226	45,000
Share-based compensation	<b>9</b>	-	26,986
Office and administration		15,291	16,817
Professional fees		62,558	62,685
Regulatory and transfer agent fees		12,121	4,677
Trademark registration		(247)	-
		108,038	225,751
Net operating loss		(124,085)	(149,698)
<b>Other expenses (income)</b>			
Gain on debt settlement	<b>12</b>	(280,806)	-
Inventory write-down	<b>4</b>	137,525	-
Foreign exchange		1	-
		(143,280)	-
<b>Income (Loss) and comprehensive income (loss) for the period</b>		\$19,195	\$(149,698)
Basic and diluted loss per common share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		64,986,432	53,470,565

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**The BC Bud Corporation**Condensed Consolidated Statements of Changes in Shareholders' Equity  
(Unaudited - Expressed in Canadian Dollars)

	Share Capital		Stock Options \$	Reserves Restricted Stock Units \$	Other \$	Deficit \$	Total \$
	Number Outstanding	Amount \$					
<b>Balance, February 28, 2023</b>	53,470,565	4,919,204	193,345	69,715	90,395	(4,009,345)	1,263,314
Share-based compensation	-	-	14,580	12,406	-	-	26,986
Net loss for the period	-	-	-	-	-	(149,698)	(149,698)
<b>Balance, May 31, 2023</b>	53,470,565	4,919,204	207,925	82,121	90,395	(4,159,043)	1,140,602
<b>Balance, February 29, 2024</b>	56,510,982	4,965,825	-	-	594,325	(5,554,088)	6,061
Share issued for private placement	20,000,000	136,402	-	-	263,598	-	400,000
Share issued for services	500,000	25,000	-	-	-	-	25,000
Net income for the period	-	-	-	-	-	19,195	19,195
<b>Balance, May 31, 2024</b>	77,010,982	5,127,227	-	-	857,923	(5,534,893)	450,257

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

	<b>Three Months Ended</b>	
	<b>May 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Operating activities</b>		
Net income (loss) for the period	19,195	(149,698)
Items not involving cash:		
Accretion expense	4,523	2,036
Amortization and depreciation	3,430	3,430
Inventory write-down	137,525	-
Share-based compensation	-	26,986
Change in working capital:		
Accounts receivable	(6,306)	(103,516)
Other receivable	(7,528)	(29,789)
Prepaid expenses	(60,830)	(40,459)
Inventory	(62,541)	(320,493)
Accounts payable and accrued liabilities	(344,759)	342,126
<b>Cash used in operating activities</b>	<b>(317,291)</b>	<b>(269,377)</b>
<b>Financing activities</b>		
Proceeds from issuance of common shares	400,000	-
Proceeds from shares issued for services	25,000	-
<b>Cash provided by financing activities</b>	<b>425,000</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>	<b>107,709</b>	<b>(269,377)</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>4,202</b>	<b>311,314</b>
<b>Cash and cash equivalents – end of period</b>	<b>111,911</b>	<b>41,937</b>

Supplemental cash flow disclosure (Note 13)

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 1. Nature of operations and going concern

The BC Bud Corporation (the “Company”) was incorporated under the laws of Alberta and was continued into British Columbia during the year ended December 31, 2000. On March 31, 2020, the Company changed its name from Waterfront Capital Corporation to Entheos Capital Corp. On September 29, 2021, the Entheos Capital Corp. completed a reverse takeover transaction with The BC Bud Corporation and changed its name to The BC Bud Corporation. The BC Bud Corporation is listed on the Canadian Securities Exchange (“CSE”) under the symbol “BCBC”. The Company’s registered office is located at 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

Company is developing recreational cannabis products and brands in the cannabis industry through licensing, white label contract manufacturing agreements with licensed producers within their facilities under the Cannabis Act selling to provincial distributors and marketing to retailers. BCBC is not a licensed producer. Its active offerings in branded products will include The BC Bud Co flower, infused and vape products, edibles under the brand ‘Canna Beans’ and “Canna Almonds”, concentrates sold as ‘Solventless Solutions’, and select lifestyle apparel.

BCBC is a house of brands that aligns with and relies on licensed cannabis processors and producers to contract manufacture a variety of cannabis products in different product categories. The processors and producers are licensed under the Cannabis Act, Bill C-45, (together with the regulations made thereunder from time to time, the “Cannabis Act”). Through their partnership agreements with licensed manufacturers and distributors, the Company will bring to market specialized flowers, concentrates and edibles.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The Company reported an income of \$19,195 for the three months ended May 31, 2024 (May 31, 2023 – loss of \$149,698) and had an accumulated deficit of \$5,534,893 as at May 31, 2024 (February 29, 2024 \$5,554,088) and working capital of \$419,672 at May 31, 2024 (February 28, 2024 – deficit of \$27,954). The Company’s ability to continue as a going concern is dependent upon its ability to achieve profitable operations. The achievement of profitable operations is dependent on the demand of its manufactured products by the retailers and maintain in good standing with provincial distributor requirements. The outcome of these matters cannot be predicted at this time. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 2. Basis of Preparation

#### Statement of compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of computation applied by the Company in these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended February 29, 2024.

The Board of Directors approved the condensed consolidated interim financial statements for issue on October 23, 2024.

### 3. Material Accounting Policy Information

#### Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out in Note 3 have been applied consistently by the Company in all years presented.

#### Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiary. The Company controls its subsidiaries when it is exposed to, or it has rights to variable returns from its involvement with its subsidiaries and has the ability to affect those returns through its power over the subsidiaries. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

	<b>Jurisdiction of Incorporation</b>	<b>Percentage Owned</b>
The BC Bud Holdings Corp.	British Columbia, Canada	100%

All material intercompany balances and transactions have been eliminated upon consolidation.

#### Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's and its subsidiary's functional currency. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.



## **The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### **3. Material Accounting Policy Information**

#### **Critical accounting estimates and judgements**

The preparation of consolidated financial statements in conformity with IFRS Accounting Standard requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect the Company's financial position. A significant area requiring the use of management estimates and judgments is the impairment of accounts receivable and the estimate of the revenues to be recognized given the return rights of the products of by the provincial bodies.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the amounts of reported in the consolidated financial statements include:

#### Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

#### **Use of judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 3. Material Accounting Policy Information (continued)

#### Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15 (refer to accounting policy). The payment terms over revenue contracts are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

#### **Financial instruments**

##### Financial assets

The Company classifies its financial assets as fair value through profit or loss or amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss (“FVPL”) are initially recognized at fair value with changes in fair value recorded in profit or loss. At May 31, 2024 and February 29, 2024 the Company had no FVPL assets.

##### *Amortized cost*

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss: 1) the Company’s objective for these financial assets is to collect their contractual cash flows and 2) the asset’s contractual cash flows represent solely payments of principal and interest. Cash, and cash equivalent, accounts receivable and other receivables are classified as amortized cost.

##### Financial liabilities

Financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and loans payable.

##### Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

## **The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### **3. Material Accounting Policy Information** (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

#### Impairment of financial assets

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 *Financial Instruments* requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

#### **Cash**

Cash consists of cash on hand, balances with banks and short-term investments with an original maturity date of three months or less.

#### **Accounts receivable**

Accounts receivable are amounts due from franchisees and distributors for the sale of goods and services performed in the ordinary course of business. These amounts are classified as current because collection is expected in one year or less. Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for impairment.

#### **Inventory**

Inventory consists of finished goods, packaging, bulk concentrates, pre-rolls and whole flower. Inventory is recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost method and includes the cost of provisions to the customer. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

All inventories are reviewed each reporting period for impairment due to slow-moving and obsolete inventory. Provisions for obsolete, slow-moving or defective inventories are recognized in profit or loss and referred to as return to vendor (RTV).

#### **Machinery and equipment**

Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recorded using the straight-line depreciation method and is intended to depreciate the costs of assets over their estimated useful life of five (5) years.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 3. Material Accounting Policy Information (continued)

#### Intangible assets

The Company's intangible assets consist of the purchase price of trademarks and website development. The intangible assets are recorded at cost. The Company's trademarks are not yet ready for its intended use as of May 31, 2024, and hence no amortization was taken during the current fiscal year.

#### Revenue

Revenue from contracts with customers is recognized by following the five-step process defined under IFRS 15.:

1. Identify the contract with a customer: A contract is an agreement between the Company and a Licensed Producer (LP) that creates enforceable rights and obligations. Key characteristics of a contract include:
  - Approval: Both the company and the LP have approved the contract and are committed to fulfilling their respective obligations.
  - Payment Terms: Payment terms are established and can include fixed or variable consideration.
  - Commercial Substance: The contract has a commercial substance, meaning it affects the Company's cash flows.
  - Collectability: It is probable that the company will collect the consideration to which it is entitled under the contract.

Payment terms are subject to sell through as the evolution of government reach due to outstanding unpaid excise taxes in the industry and collectability is also reliant on whether the government/CRA garnishes funds due to delinquent manufacturer. This impacts the estimate of revenues to be recognized as returns.

2. Identify the Performance Obligations in the Contract: Performance obligations are distinct promises to transfer goods or services to the customer. In the context of cannabis contracts with the LPs common performance obligations may include:
  - Production of cannabis: The Company's obligation to produce cannabis according to specified quality standards, and
  - Sale of cannabis products and final product creation: The Company's obligation to transfer control of the cannabis products to the LP.
3. Determine the Transaction Price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services. For cannabis contracts, transaction price determination involves the following consideration:

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 3. Material Accounting Policy Information (continued)

Fixed and variable consideration: The base selling price of the cannabis product to the LP include fixed amounts, however, there is a significant return rights due to quality or regulatory compliance issues, the Company estimates the expected returns using the expected value method.

4. Allocate the Transaction Price to Performance Obligations: Once the transaction price is determined, it is allocated to each performance obligation based on the standalone selling prices of the goods or services. The Company has determined that it has one performance obligation with a significant return right that is estimated reducing the transaction value and recognizing revenues that is highly probable of not being reversed. At the three months ended May 31, 2024, and February 29, 2024, there were no refund liabilities, revenues were recorded net of returns.
5. Recognize Revenue When the Performance Obligations Are Satisfied: This occurs at a point in time when the goods are transferred to the Provincial purchaser and distributor

#### Research and development expenditures

Distinguishing the research and development phases of a technology or product and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired. No research and development costs were capitalized during the three months ended May 31, 2024 or 2023.

#### Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Indefinite life intangible assets are tested annually, or more frequently, if events or changes indicate that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

## **The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### **3. Material Accounting Policy Information** (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Share capital**

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Warrants issued by the Company typically accompany an issuance of shares in the Company (a "unit") and entitle the warrant holder to exercise the warrants for a stated price and a stated number of common shares in the Company. The fair value of units issued is measured using the fair value approach, with the allocation of proceeds first to the common shares based on the fair value of the common shares on the date of issuance on the remainder to warrants.

#### **Share-based compensation**

The Company has a stock option plan and long-term equity incentive plan that are described in Note 8. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserve.

Consideration received on the exercise of stock options or restricted stock units are recorded as share capital and the related reserve is transferred to share capital. For those unexercised stock options and warrants that expire unexercised, the recorded value is reclassified from reserves to deficit.

#### **Segmented Information**

The Company's operations comprise a single reporting segment, being partnership agreements with cannabis producers. As the operations comprise a single reporting segment, amounts disclosed in the condensed consolidated interim financial statements for expenses and loss for the period also represent segmented amounts. All of the Company's operations and assets are in Canada.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 3. Material Accounting Policy Information (continued)

#### Loss per share

The Company calculates basic (loss) earnings per share by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise, RSUs, warrants and share options issued.

#### Income taxes

The Company uses the deferred method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 4. Inventory

Inventory is comprised of the following:

	May 31, 2024	February 29, 2024
Raw materials – packaging	\$ 18,196	\$ 85,714
Products	394,074	401,539
Balance, end of period	412,270	487,253

During the three months ended May 31, 2024, the Company expensed inventory of \$18,923 (2023 - \$118,096) as cost of sales. Cost of sales also include depreciation of \$3,430 (2023 - \$3,430) in connection with the use of machinery and equipment.

The Company also wrote off inventory for \$137,525 (2023: \$Nil), this was a result in count and cost adjustments when assessing the net realizable value of inventory.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

### 5. Machinery and Equipment

<b>Cost</b>	<b>2024</b>	<b>2023</b>
Balance, February 28,	68,591	68,591
Additions	-	-
<b>Balance, May 31</b>	<b>68,591</b>	<b>68,591</b>

  

<b>Accumulated depreciation</b>		
Balance, February 28	36,583	22,864
Additions	3,430	3,430
<b>Balance, May 31</b>	<b>40,013</b>	<b>26,294</b>

  

<b>Net book value, February 28</b>	<b>32,008</b>	<b>45,727</b>
<b>Net book value, May 31</b>	<b>28,578</b>	<b>42,297</b>

### 6. Intangible Assets

<b>Cost</b>	<b>Website Development</b>		<b>Trademarks</b>		<b>Total</b>
Balance, February 29, 2024	\$	8,500	\$	2,007	\$ 10,507
Additions		-		-	-
<b>Balance, May 31, 2024</b>	<b>\$</b>	<b>8,500</b>	<b>\$</b>	<b>2,007</b>	<b>\$ 10,507</b>

  

<b>Accumulated depreciation</b>					
Balance, February 29, 2024	\$	8,500	\$	-	\$ 8,500
Additions		-		-	-
<b>Balance, May 31, 2024</b>	<b>\$</b>	<b>8,500</b>	<b>\$</b>	<b>-</b>	<b>\$ 8,500</b>

  

<b>Net book value, February 29, 2024</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>2,007</b>	<b>\$ 2,007</b>
<b>Net book value, May 31, 2024</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>2,007</b>	<b>\$ 2,007</b>

On February 5, 2021, the Company entered an asset assignment and assumption agreement, under which trademarks were assigned to the Company by a shareholder of the Company for consideration of 10,000,000 common shares.

Trademarks consist of the following trademarks: “The BC Bud Co.”, “Canna Beans”, “Buds”, “Solventless Solutions”, “Not an LP”, “Canna Almonds”, and “Canna Berries”. The trademarks include all rights to and content of the domain names, social media names, all literature and social media sites, branding and design material associated with the trademarks. These trademarks are being used in trade however not yet approved by the Canadian Intellectual Property Office and not enforceable to date.



## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 7. Loan Payable

On January 20, 2021, the Company received a loan of \$100,000 from Sutton Ventures Ltd., a significant shareholder of the Company. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

- a) January 15, 2023; or
- b) The occurrence of an event of default.

No interest will accrue on the outstanding balance, unless an event of default occurs, in which case interest will be deemed to have accrued on the outstanding balance from the date of advancement at a rate of 8.0% per annum, compounded annually, and will be payable at maturity. The loan is recorded at fair value on initial recognition, which was determined to be \$84,642 using a discount rate of 8.5%, resulting in a total discount of \$15,358. As the loan was provided by a shareholder of the Company, the discount was recorded as an equity contribution.

Additionally, on June 19, 2023, the company entered into an amending agreement with Sutton Ventures Ltd. to increase the amount of the secured loan from \$100,000 to \$150,000. During the three months ended May 31, 2024, accretion and interest expense of \$3,283 (February 29, 2024 - \$2,036) was recorded in the condensed consolidated statements of loss and comprehensive loss. As of May 31, 2024, the Company is in default of the loan, which is now payable on demand.

On August 4, 2023, the Company received a loan of \$60,000 from Cybin Therapeutics Inc. Cybin Therapeutics Inc is a private entity in which both Brayden Sutton, CEO and director, and Josh Taylor, president and director, are controlling shareholders. The loan bears interest at a rate of 8 percent per annum, payable upon maturity. The loan is secured by all present and future acquired property of the Company and is payable on the earlier of:

- a) July 30, 2024; or
- b) The occurrence of an event of default.

During the three months ended May 31, 2024, accretion expense of \$1,240 (2023 - \$Nil) was recorded in the condensed consolidated interim statements of loss and comprehensive loss.

On December 8, 2023, the Company received a loan amounting to \$4,750 from TJT Ventures Ltd., a private entity controlled by Josh Taylor, president and director, for working capital purposes. This loan is due on demand and bears no interest.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 8. Share Capital

#### Authorized share capital

The authorized capital of the Company consists of unlimited common shares without par value.

#### Share issuances

During the three months ended May 31, 2024, the Company issued 20,500,000 common shares with a fair value of \$425,000 (2023 - \$Nil).

During the year ended February 29, 2024, 2,646,667 units, consisted of a common share and a warrant, were issued at \$0.075 per unit for gross proceeds of \$198,500. These warrants have an exercise price of \$0.15 per warrant and a life of three years. A value of \$73,359 was assigned to these warrants, calculated using a share price of \$0.08 - \$0.10, remaining life of three years, volatility of 98.26%, dividend rate of 0% and a risk-free rate of 3.87%-4.04%.

On March 1, 2024, the company issued 500,000 common shares issued as compensation to Stock Ventures Inc. for advisory services. The shares were issued at a deemed price of \$0.05 per share for a total consideration of \$25,000.

On April 12, 2024, the company closed a non-brokered private placement generating gross proceeds of \$400,000 through the sale of an aggregate of 20 million units at a price of \$0.02 per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of \$0.05 until April 12, 2026. A value of \$263,598 was assigned to these warrants, calculated using a share price of \$0.05, remaining life of two years, volatility of 167.27%, dividend rate of 0% and a risk-free rate of 4.29%.

#### Stock options

The Company has a stock option plan, last approved on July 29, 2021, which reserves an aggregate number of securities for issuance up to 10% of the number of the outstanding common shares. Under the stock option plan, stock options can be granted for a maximum term of ten years. Further, the exercise price shall not be less than the price of the Company's common shares on the date preceding the date of grant.

On March 12, 2023, the Company approved 150,000 options to be issued and granted to Daniel Southan-Dwyer, expiring March 12, 2028, with an exercise price of \$0.15.

Stock option transactions are summarized as follows:

Stock Options	Number of Options	Weighted Average Exercise Price
Balance outstanding and exercisable – February 29, 2024 and May 31, 2024	1,990,000	\$ 0.16

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

### 8. Share Capital (continued)

Stock options outstanding as at May 31, 2024:

Expiry Date	Number of Options	Weighted Average Exercise Price
December 14, 2026	1,140,000	\$ 0.20
February 3, 2028	700,000	\$ 0.10
March 12, 2028	150,000	\$ 0.15

The Company recognized share-based payments expense of \$Nil for options granted and vested during the three months ended May 31, 2024 (2023 - \$14,580).

Share-based payments expense is estimated using the following assumptions. The expected volatility assumption is based on comparable volatility of the Company's common share price on the CSE. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture, and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its common shares.

	May 31, 2024	May 31, 2023
Risk-free interest rate	-	3.19%
Expected life of options	-	5 years
Expected annualized volatility	-	78.24%
Dividend rate	-	-
Forfeiture rate	-	-

### Restricted share units ("RSUs")

During the three months ended May 31, 2024, the Company issued no common shares upon vesting (2023 – nil). The vesting conditions were time-based vesting conditions with various maturities (minimum of one year). As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU granted is determined to be \$0.25, equal to the market price on the date of grant.

During the three months ended May 31, 2024, no RSUs (2023: nil) vested and \$Nil (2023: \$nil) was transferred from Contributed Surplus.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

### 8. Share Capital (continued)

<b>Vesting date</b>	<b>Number of RSUs</b>
September 29, 2022	1,377,083
September 29, 2023	393,750
Balance	1,770,833

The Company recognized share-based payment expense of \$Nil for RSUs accrued during three months ended May 31, 2024 (2023 - \$12,406).

#### Escrow shares

As at May 31, 2024, there were 4,403,750 (February 29, 2024 – 8,807,500) common shares held in escrow. 10% of the securities were released on closing of the transaction and the remaining balance is released in six equal tranches of 15% every six months thereafter.

#### Warrants

In connection with the reverse takeover transaction, the Company completed a non-brokered private placement of 4,000,000 subscription receipts at a price of \$0.25 per subscription receipt for aggregate gross proceeds of \$1,000,000.

Immediately prior to closing the reverse takeover transaction, each subscription receipt issued pursuant to the private placement was converted into one unit of the Company comprising one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one additional common shares of the Company at an exercise price of \$0.50 per share until September 29, 2023, following the extension of the term of the Warrants approved by the Company. The Warrants are also subject to accelerated expiry provisions, whereby, if the closing price of the Company's common shares exceeds \$0.75 per share for a period of ten consecutive trading days, at the Company's election, the 24-month period within which the Warrants are exercisable will be reduced and the holders of the Warrants will be entitled to exercise their Warrants for a period of 30 days commencing on the day the Company provides notice of same.

On February 2, 2023, the Company closed a non-brokered private placement generating gross proceeds of \$340,000 through the sale of an aggregate of 6.8 million units at a price of five cents per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of 15 cents per share until February 2, 2025. All securities issuable in the placement are subject to a four-month hold period expiring on June 3, 2023, in accordance with applicable securities laws.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

### 8. Share Capital (continued)

As of August 25, 2023, a total of \$198,500 was raised through the sale of an aggregate of 2,646,667 units at a price of \$0.075 per unit. Each unit comprised one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase a further common share at a price of \$0.15 per share for a three-year period. A value of \$73,358 was assigned to these warrants, calculated using a share price of \$0.08 - \$0.10, remaining life of three years, volatility of over 400%, dividend rate of 0% and a risk-free rate of 3.87%-4.04%.

On April 12, 2024, the company closed a non-brokered private placement generating gross proceeds of \$400,000 through the sale of an aggregate of 20 million units at a price of five cents per unit. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of 5 cents per share until April 12, 2026. A value of \$263,598 was assigned to these warrants, calculated using a share price of \$0.05, remaining life of two years, volatility of 167.27%, dividend rate of 0% and a risk-free rate of 4.29%.

Warrant transactions are summarized as follows:

<b>Warrants</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance – February 29, 2024	9,446,667	0.15
Granted	20,000,000	0.05
Balance outstanding and exercisable – May 31, 2024	29,446,667	0.08

Warrants outstanding as at May 31, 2024:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
February 2, 2025	6,800,000	0.15
April 12, 2026	20,000,000	0.05
August 4, 2026	700,000	0.15
August 25, 2026	1,946,667	0.15

### 9. Related Party Transactions

Related parties include the directors, corporate officers, key management personnel, significant shareholders and enterprises that are controlled by these. This includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole and its subsidiaries.

During the three months ended May 31, 2024 and 2023, the Company accrued the following amounts towards related parties:

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

### 9. Related Party Transactions (continued)

Consulting fees	Three months ended	
	May 31, 2024	May 31, 2023
TJT Ventures Ltd. (Management)	\$ 15,000	\$ 22,500
Brayden Sutton (CEO)	15,000	22,500
	\$ 30,000	\$ 45,000

RSUs vested (Note 8)	Three months ended	
	May 31, 2024	May 31, 2023
Dayna Lange (former Director)	-	4,135
Brian Taylor (Director)	-	4,135
Justin Chorbajian (Director)	-	4,136
	-	12,406

Share-based compensation	Three months ended	
	May 31, 2024	May 31, 2023
Dayna Lange (former Director)	-	4,135
Brian Taylor (Director)	-	4,135
Justin Chorbajian (Director)	-	4,136
	-	12,406

Rent expense	Three months ended	
	May 31, 2024	May 31, 2023
Cybin Therapeutics Inc.	\$ 5,040	\$ -

Transactions with Tricanna Industries Inc, an entity whose CFO is Dayna Lange, a former director of the Company	Three months Ended	
	May 31, 2024	May 31, 2023
Revenue	\$ -	\$ 132,616
Purchases	-	79,177
Advances Paid	-	68,002

As at May 31, 2024, the Company had \$10,274 (February 29, 2024 - \$251,073) due to related parties included in accounts payable and accrued liabilities. These amounts are non-interest bearing and due on demand.

## **The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### **10. Capital Management**

The Company's capital management policy is to maintain a strong but flexible capital structure that optimizes the cost of capital, creditor and market confidence while sustaining the future development of the business.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company's capital structure includes shareholders' equity. In order to maintain or adjust the capital structure, the Company may from time-to-time issue shares, seek debt financing and adjust its capital spending to manage current and working capital requirements. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the three months ended May 31, 2024.

### **11. Financial Instruments**

#### **Financial instruments**

The Company classifies its cash, term deposits, accounts payable and accrued liabilities and loan payable at amortized cost instruments. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments. Loan payable is carried at amortized cost, measured at level 2 inputs of the fair value hierarchy.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. Although the Company believes its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

#### **Credit risk**

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its accounts receivable, advances and liquid financial assets, including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with a chartered bank. The Company considers credit risk with respect of these amounts to be low. The carrying amount of financial assets represents the maximum credit exposure.

## The BC Bud Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### 11. Financial Instruments (continued)

#### Amounts Receivable

Amounts receivable consists of trade receivables of \$6,306 (February 29, 2024 - \$Nil). To reduce the credit risk of amounts receivable, the Company regularly reviews the collectability of the amounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As well, any accounts receivable outstanding for more than 90 days is generally considered bad debt, unless there are strong indications that the debt can be collected based on management expectations and historical collections. Subsequent bad debt collected will be included as a bad debt recovery. As a result, as at May 31, 2024, the Company impaired its accounts receivable balance when arriving at the expected credit losses of \$Nil (2023 - \$Nil) in accordance with IFRS 9, *Financial Instruments*.

This bad debt was in occurrence with the nationwide CRA revenue absorption of outstanding excise taxes owing which included several processing and distribution partners, causing a cash crunch. During the three months ended May 31, 2024, the Company collected cash totalling \$Nil since the year end from the accounts receivable (2023 - \$20,065).

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at May 31, 2024, the Company had working capital of \$419,672 (February 29, 2024 – deficit of \$27,954). All of the Company's current liabilities are due within 90 days of May 31, 2024.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate foreign currency risk or other price risk.

### 12. Debt Settlement

During the three months ended May 31, 2024, a customer settled \$38,824 in accounts receivable by sending products with a fair value of \$66,876 to the Company. As this receivable amount was previously written off, this settlement was recorded as a recovery of bad debt of \$38,824, and gain on debt settlement amounting to \$28,052.

During the three months ended May 31, 2024, accounts payable of \$286,700 was assigned from a vendor to a third party for the total amount of \$33,946, leading to a gain on debt settlement amounting to \$252,754.



## **The BC Bud Corporation**

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited – expressed in Canadian Dollars)

For the three months ending May 31, 2024 and 2023

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### **13. Supplemental Cash Flow Disclosure**

Cash comprise of cash and highly liquid investments having maturity dates of three months or less, which are readily convertible into a known amount of cash at any time and are subject to an insignificant risk to changes in their fair value. Cash at May 31, 2024 consists of \$111,911 (February 29, 2024 - \$4,202) in cash held at financial institutions.

### **14. Subsequent Events**

On September 10, 2024, the Company has been suspended, pursuant to Canadian Securities Exchange.

On October 16, 2024, the Company refiles fiscal 2023 results.